

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket No. D.T.E. 02-24/25
Record Request Response

Record Request No.: AG-RR-63

Please provide replacement letters for the calendar year 2001 FAS No. 87 Pension Expense (Income) comparable to Exhibit FGE-MHC-2B (Gas) and FGE-MHC-2C (Electric).

Response:

Attachment AG-RR-63 is a 3-page letter dated April 30, 2001 from George Beram & Company that provides the Company's 2001 annual pension expense (income) in accordance with FAS No.87.

Person Responsible: Mark H. Collin

April 30, 2001

Personal and Confidential

Mr. George E. Long, Jr.
Director of Administrative Services
Unitil Service Corp.
Six Liberty Lane West
Hampton, NH 03842-1720

Dear George:

We have performed an actuarial valuation of the Unitil Corporation Retirement Plan as of January 1, 2001. The purposes of the valuation are (i) to review the experience of the plan during the plan year that ended December 31, 2000, (ii) to determine contribution amounts for the plan year that began on January 1, 2001 and ends on December 31, 2001 and (iii) to calculate the annual pension expense in accordance with Statement of Financial Accounting Standards No. 87 (FAS 87) for the corporate fiscal year ending December 31, 2001. The employee data and financial information used in this valuation were provided by Unitil Service Corp., SEI Trust Company, Investors Bank & Trust Company and Fleet National Bank and were not audited by us, but were reviewed by us for reasonableness.

This report has been prepared in accordance with generally accepted actuarial principles and practices, and fairly reflects the current actuarial position of the plan. In our opinion, each of the actuarial assumptions used is reasonable (taking into account the experience of the plan and reasonable expectations) and represents our best estimate of anticipated experience under the plan.

The basic valuation results for the plan year beginning on January 1, 2001 and ending on December 31, 2001 are as follows:

I. Contribution Amounts

MINIMUM REQUIRED CONTRIBUTION under ERISA, as of December 31, 2001	\$	0
MAXIMUM DEDUCTIBLE CONTRIBUTION for corporate fiscal year of January 1, 2001 through December 31, 2001	\$	0

Mr. George E. Long, Jr.
April 30, 2001
Page Two

II. Pension Expense

NET PERIODIC PENSION COST for the corporate
fiscal year ending December 31, 2001 \$ (716,411)

The annual pension expense ("Net Periodic Pension Cost") will be charged against income (credited to income) on the corporate financial statement in accordance with Statement of Financial Accounting Standards No. 87 (FAS 87). The development of the credit of \$(716,411) for fiscal 2001 is shown in Exhibit D. The allocation of the fiscal 2001 Net Periodic Pension Cost by location is as follows:

<u>Concord Electric</u>	<u>Exeter & Hampton Electric</u>	<u>Unitil Service Corp.</u>	<u>Fitchburg Gas Salaried</u>	<u>Fitchburg Gas Union</u>	<u>Total</u>
\$(358,809)	\$(297,204)	\$125,569	\$1,354	\$(187,321)	\$(716,411)

III. Assets Compared with Actuarial Present Value of Accumulated Plan Benefits (as of January 1, 2001)

(1)	REPORTED MARKET VALUE OF PLAN ASSETS	\$ 45,455,914
(2)	ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (ongoing plan basis)	29,507,497
(3)	EXCESS OF (1) OVER (2)	\$ 15,948,417

It is important to note that the actuarial present value of accumulated plan benefits shown in (2) above has been calculated on an "ongoing plan" basis. The actuarial present value of accumulated plan benefits, determined as of January 1, 2001 on a plan termination basis, could be significantly different than the amount shown in (2) above.

There have been no changes in the actuarial cost method or assumptions used in determining plan liabilities and cash contribution amounts since the January 1, 2000 actuarial valuation, other than a reduction, to 6.21% from 6.31%, in the interest rate used in determining the plan's current liability for statutory purposes.

Mr. George E. Long, Jr.
April 30, 2001
Page Three

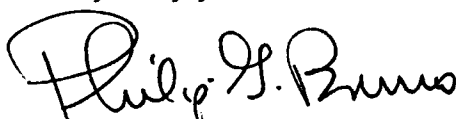
The 2001 actuarial valuation reflects the applicable Internal Revenue Code (IRC) Section 415 annual benefit limitation of \$140,000, and the IRC Section 401 limit on annual compensation for purposes of determining pension benefits of \$170,000. Although the annual benefit limit increased from its 2000 plan year level of \$135,000, recognition of the increase had no effect on 2001 plan year cash contribution requirements, due to the current funded status of the plan.

This actuarial valuation takes into account a plan amendment which changed the disability benefit available to union employees. Effective June 1, 2000, union employees have the same disability benefit as non-union employees (except for Fitchburg Gas union employees hired before June 1, 1985 who retain their prior disability benefit). This change was previously recognized in the FAS 87 pension expense calculation for the 2000 fiscal year. Because of the current funded status of the plan, recognition of this plan amendment had no impact on the 2001 plan year cash contribution requirement.

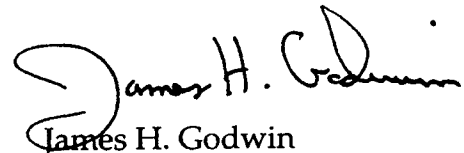
Section I of this report presents a detailed summary and commentary on the results of the valuation, while Section II contains a summary of the plan provisions and Section III includes a description of the actuarial cost method and assumptions utilized in this actuarial valuation. Details for cost calculations and supporting data are provided in Exhibits A through H.

We will be pleased to answer any questions that you may have regarding this actuarial valuation report.

Very truly yours,



Philip G. Bruno
Member, American Academy of Actuaries



James H. Godwin
Associate, Society of Actuaries

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